

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Tanzania - United Republic of

2015 Exporter Guide

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Report Highlights:

Tanzania with its growing population, strategic location in East Africa, increasing middle class and high-growth rate presents an opportunity for U.S. agriculture and food exports. The country has a population of about 45 million, the largest in East Africa, and a growth rate over several years of about 7 percent annually. The best products prospects for U.S. exporters include beverages, spirits, confectionary and snack foods, pet food, pasta and sauces.

Executive Summary:

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Tanzania's capital Dar es Salaam has a large port on the Indian Ocean and is the natural trading gateway for five landlocked countries along its border including the Democratic Republic of Congo (DRC), Rwanda, Burundi, Uganda and Zambia. Democratic principles are firmly engrained in the country and since its independence in 1961, and its political leaders have come to power through an electoral process. Free-market principles are now prevalent following its socialist period directly following independence. As a result Tanzania has had five consecutive years of seven percent real GDP growth and is a member what the World Bank has dubbed the *7% Club*, a group of countries forecast to achieve a real GDP growth of that or more over next decade.

1.0 MARKET OVERVIEW

Economic Situation

Tanzania is one of the world's least developed countries in 2014 according to the United Nations (UN) with a per capita income of \$600 and approximately 36 percent of the total population of about 45 million living below the poverty line. However, the country has achieved a fairly high annual growth rate of about seven percent over the last several years based mainly on gold production and tourism. Tanzania has made a transition to a fairly liberalized market economy, but the government retains strong presence in the telecommunications, banking, energy, and mining sector. Recent reforms in the financial sector have led to an increase in private-sector investment and foreign-owned banks account for about forty eight percent of the banking industry's total assets.

All land in Tanzania is owned by the government, which it can lease out for up to 99 years. A proposal to allow private land ownership and particularly land ownership by non-citizens remains unpopular. Agriculture accounts for about one-quarter of GDP, provides eight five percent of exports, and employs about eight percent of the work force. Government spending on agriculture is estimated at seven percent of the annual budget.

Tanzania is geographically well placed to facilitate trade for the land locked countries in Eastern Africa including Malawi, Burundi, Rwanda, Democratic Republic of Congo (DRC), and Zambia. Donors, including the World Bank, have provided funds to rehabilitate Tanzania's aging rail and port infrastructure.

Population trends

Tanzania has one of the fastest-growing populations in sub-Saharan Africa, recording a Compound Annual Growth Rate (CAGR) of 3% over 2009-2014. Over 50 million people lived in the country in 2014, with the majority being below 20 years. The largest number of habitants is concentrated in the capital city Dar es Salaam with a population of about five million, the next largest cities are Mwanza, Kagera, Mbeya, Morogoro, Tanga, Arusha, and Dodoma with populations of about 2 million each. The majority of Tanzanians, approximately 75 percent, still live in rural areas. By 2020 the urban population is anticipated to rise to over 30 percent.

2.0 EXPORTER BUSINESS TIPS

Local business customs

In Tanzania business people put an emphasis on formal appearance and prolonged, personal conversation, and they respect those who dress well. In urban areas, it is expected you will wear a suit, and in rural areas, pants and a button-up shirt. Business women are expected to wear suits in urban areas, but a long skirt is appropriate in rural areas.

There is an unspoken understanding in Tanzania that business meetings are not to be scheduled between noon and 2 p.m. This is when most working Tanzanians take their lunch break. If you are invited to someone's home for a business meeting, certainly bring a gift. Usually a small token from your home country is much appreciated. But do not bring flowers — these are given in Tanzania only as condolences.

In some African countries it is typical for business meetings to begin late, however, Tanzanians are aware that most foreigners abide by rigid schedules and make an effort to be punctual. In Tanzania's rural areas, who you greet first matters. You should greet those in a position of seniority first. In urban areas, these seniority rules are not applied as strictly. There is often a seating plan at meetings in Tanzania, so it is best

wait to be told where to sit before taking a seat at a meeting. It is common in business meetings for someone of seniority to begin and close the meeting with a formal speech, or even a prayer, the person hosting the meeting should be the one to open it and close it.

You will often be working with Muslims in Tanzania, and within this group there are specific rules for the genders. Among them: Muslim men will bow upon meeting a woman, but a non-Muslim man should wait for a woman to extend her hand. Tanzanians may interpret someone being direct and straight to the point as being rude. In some situations you shouldn't directly offer help. If a Tanzanian needs help, wait for the story. He will tell you a story of something he is struggling with, from which you are to infer what sort of help he needs. Tanzania is a country that cherishes visual arts and the art of good storytelling — two components you see trickle into the way Tanzanians like doing business.

You will see much more success doing business in Tanzania if you build relationships. It is advised that you join the local chamber of commerce, Rotary Club or any industrial or trade organization before you attempt to do business.

General consumer tastes and preferences

Tanzania's middle class is shifting from buying only essential products such as food and beverages, to more specialized products. In most of the urban areas, there has been a rapid growth of modern retail centers and malls in the recent past, specializing in specific products and services. Household necessities, especially food, are still mainly purchased through open markets and corner shops, and informal trade in open markets remains significant in the country. A small section of elite consumers are loyal to imported products, while others easily substitute with similar products. Several American food products and supplements have penetrated retailing markets in Tanzania and U.S. companies are represented including Vemma Nutrition Company, American Garden, Sioux Honey Association, Forever Nutraceutical LLC, Conagra Foods, Central Valley, Bouras Global Trading, MacIlhenny Company, Domiane St. Michelle, and the Hershey Company.

Food standards and regulations

The main regulatory agencies for imported food products include Tanzania Bureau of Standards (TBS), Tanzania Food and Drugs Authority (TFDA), Tanzania Atomic Energy Commission (TAEC), Tanzania Food and Nutrition Centre (TFNC). Tanzania Plant Inspection Services (TPIS).

General import and inspection procedures

In Tanzania, all matters concerning the importation and inspection of imported food products are handled by the Tanzania Food and Drugs Authority (TFDA). To obtain a Food Importer Registration Certificate (FIRC), imported products must satisfy the Tanzanian import requirements as evaluated by TFDA; the FIRC provided by the Director General of the TFDA and it is valid for one year. A registered Food Importer shall be required to apply for Import permit by filling in prescribed forms as stipulated under Schedule III and Schedule IV for registrable and non-registrable foods respectively. Application for Import permit should be accompanied by the following documents:-

- (a) Proforma invoice from the supplier
- (b) Certificate of analysis from manufacturer of the exporting country
- (c) Health certificate from competent regulatory body of the exporting country
- (d) Phytosanitary certificate (in case of importation of unprocessed cereal and plant origin products)
- (e) Radiation free certificate, where applicable
- (f) Zoo sanitary certificate in case non-processed foods of animal origin
- (g) Certificates from relevant bodies for specific food products (e.g. Sugar Board, Dairy Board)
- (h) Bill of lading/Airway bill
- (i) Certificate of origin

(j) A copy of previous import permits which shows that the consignment was inspected at port of entry Prior to application for importation of non-registrable products pre-shipment samples for analysis whose cost will be incurred by importer as prescribed in the Fees and Charges Regulations, 2011 shall be submitted. As elaborated in the link below;-

http://www.tfda.or.tz/index.php?option=com_phocadownload&view=category&id=38:fees-and-charges&Itemid=388

The Authority, upon receiving applications for import permit and other supporting documents:-

- (a) Examine the applications to authenticate whether the applicant is registered as food importer
- (b) Examine the proforma invoice to ensure that the food and Food supplements intended to be imported are those granted marketing authorization (registered) by the Tanzania Food and Drugs Authority.
- (c) Calculate the applicable and statutory fees of 0.75% FOB value of goods to be imported to be payable to the Tanzania Food and Drugs Authority
- (d) On completion of above scrutinization and if satisfied with the submitted data, the application shall be received and processed.
- (e) After completion of the above process the applicant shall be issued with Import Permit

Once satisfied that all importation conditions of food consignment have been fulfilled as required in the Act, the Food inspector shall release the consignment and stamp all documents with an **APPROVED FOR RELEASE** stamp.

Where the consignment does not meet the requirements for importation, the inspector shall not release the consignment and stamp the documents with **STOP RELEASE** stamp.

Consignment which has not been physically inspected at port of entry shall be inspected at owner's premises after payment of fee as prescribed in Fees and charges Regulations, 2011.

3.0 MARKET SECTOR STRUCTURE AND TRENDS

Supermarket sector

Since the 1990s there is rapid growth of supermarkets in the major cities and towns in Tanzania driven mainly by the rapid urbanization, changes in dietary preferences, increased healthy eating consciousness, and the general increase in income levels. Some of the major supermarkets brands in Tanzania include Sifamart, Shoppers, Shrijees TSN, Village, Viva Marche, Uchumi and Nakumatt. The supermarkets stock fast moving consumer products including snacks, breakfast cereals, bakery mixes, eggs and egg products, dairy products, fresh or processed red poultry meats, fresh or processed fruits, vegetables, nuts, pet foods and wine. Due to their high segmentation and consumer targeting, these supermarkets offer the best market entry pathway for products from the United States. According to the Euromonitor International, the next five years will see fastest growth in alcoholic drinks (20% CAGR), and hot drinks (17% CAGR).

Food processing sector

Increased urbanization and changing lifestyles show a promise for increased demand in processed foods in Tanzania. Most of the consumer-oriented food processing industries in Tanzania use local ingredients but because of the poor agricultural and industrial development in the country some rely on imported food ingredients and supplements such as soy, corn, rice, wheat and industrial processed products. The food processing sector is characterized by micro and small scale processors, with very few medium and large size processors, most of which are located in Dar es Salaam, Tanga, Kilimanjaro and Arusha.

Hotel Restaurants and Institutional (HRI)

There are 174 registered and licensed tourist class hotels in Tanzania, with the large international brands offering international cuisine in their services, and therefore providing demand for imported food products. Some of the international hotels include: Serena, Southern Sun, Hyatt Kilimanjaro, Double Tree, Sea Cliff, and White Sands. In addition, the restaurant sector is also growing with ninety local and international outlets operating. Some of the American franchises that are represented in Tanzania include Kentucky Fried Chicken (KFC), Subway and Spur.

Distribution channels

Marketing channels for imported products often involve several intermediaries. Tanzanian firms typically import, with the help of a clearing and forwarding agent, and distribute food products to retailers. While a number of importers have their own warehouses, others may utilize clearing and forwarding agents to facilitate the storage, movement and distribution of goods given the high cost of building and maintaining warehouses and maintaining truck fleets. Importer/distributors with national distribution typically have sub-offices in regional cities especially Dar es Salaam, Mwanza and Arusha or appoint other distributors to market their products in specific regions.

4.0 BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Product Description	*2014 Market Size (Volume) Metric Tons	*2014 Imports (\$)	*5-Year Annual Import Growth (%)	** Import Tariff Rate (%) 2014	Key Constraint over Market Development	Market Attractiveness for USA
Cereals	30,000	9,659,920	(6.55)	25	High landed costs	Good growth potential
Meat And Edible Meat Offal	2,613	3,118,187	74.81	25	No tariff preferences	Moderate growth potential
Edible Vegetables & Certain Roots & Tubers	3,977	2,159,451	-62.96	25	No tariff preferences	Strong growth potential
Prep Cereal, Flour, Starch Or Milk; Bakers Wares	1,824	1,266,198	-32.92	25	High landed costs	Good growth potential
Animal Or Vegetable Fats, Oils Etc. & Waxes	733	1,042,061	-51.84	25	High import costs	Good growth potential
Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant etc.	55	330,465	-8.11	25	High import costs	Strong growth potential
Beverages, Spirits And	6,412	23,752	311.79	25	High import costs	Strong growth potential

Vinegar						
Sugars And Sugar Confectionary	8	17,253	39.71	25	Low import costs	Strong growth potential
Miscellaneous Edible Preparations	1,500	10,610		25		Moderate growth potential
Cocoa And Cocoa Preparations	2	5,044	-45.46	25	Moderate import costs	Strong growth potential
Tobacco And Manufactured Tobacco Substitutes		3,290		25	High import costs	Low growth potential
Lac; Gums, Resins & Other Vegetable Sap & Extract		2,955		25	Low import costs	Good growth potential
Prep Vegetables, Fruit, Nuts Or Other Plant Parts	3,180	2,520		25	Moderate import growth	Good growth potential
Coffee, Tea, Mate & Spices			-100	25	Low or medium import growth	Strong growth potential
Fish, Crustaceans & Aquatic Invertebrates			n/a	25	High import costs	Good growth potential

Source: *Global Trade Atlas and **East Africa Community Tariff Book.

Advantages and challenges facing U.S food products in Tanzania

Advantages	Challenges
Tanzania is a member of the East African Community (EAC), which signed a Trade and Investment Framework Agreement (TIFA) with the United States in July 2008. Under the U.S-EAC Trade and Investment Partnership Initiative, the United States and EAC are seeking to expand trade and investment ties.	Corruption is a major concern in Tanzania. The enforcement of laws, regulations, and penalties to combat corruption is largely ineffective. Corruption is endemic and measures to combat it are applied impartially to both foreign and domestic investors and petty corruption, particularly among customs and immigration agents and traffic police, is an obstacle to investment.
According to the 2012 census high rate of urban growth and rapid increase of urban population, estimated at 22.4% in mainland Tanzania and 14.5% in Zanzibar Total urban population was 13 million.	Unreliable Infrastructure such as roads railways, storage facilities for perishable agricultural commodities. More than 60% of imported agricultural commodities are transported by roads.
Tanzania has signed on member of several regional trade protocols including East Africa Community (EAC) and the Southern African Development Community (SADC). Some of the agreements impose common external tariffs on goods from non-member countries.	The Government of Tanzania has a policy emphasizing the development of domestic industries and the buying of domestically manufactured goods, as was enumerated in the Finance Minister's 2015/16 budget speech. The GOT levies steep import duty of many imported goods;
The U.S. Overseas Private Investment Corporation (OPIC) signed an incentive agreement with the GOT in December 1996. Tanzania is an active member of the Multilateral Investment Guarantee Agency (MIGA), of the World Bank Group that promotes foreign direct investment in developing countries by offering political risk insurance (guarantees) to investors and lenders, and by providing technical assistance to help developing	Tanzania's ranking in the ease of doing business index remained relatively stable at 131st out of 183 countries in 2015 compared to 134th out of 185 countries in 2014. Tough conditions for doing business inevitably dampen new investments and business expansion.

countries attract and retain foreign investment.	
Since attaining independence, Tanzania has enjoyed a remarkable degree of peace and political stability. Tanzania has held four national multi-party elections since 1995, the most recent in 2010. General elections have been generally free of political violence.	The congestion at the Dar es Salaam port is due to the rapid increase in traffic has become a critical drag on port efficiency.
Tanzania is strategically located and is considered a gateway to up to six (6) landlocked countries (Uganda, Zambia, Rwanda, Burundi and Malawi and DRC). There are three deep sea ports on the Indian Ocean at Dar es Salaam, Mtwara and Tanga. GOT is opening a new port at Bagamoyo.	

Demographic Indicators

Demographic Indicators			
Total Population (thousands) 2014	50,757		
Urban population (% of total) 2014	28.1		
Sex ratio (males per 100 females) 2014	100.1		
Urban population growth (%)	5.4		
Unemployment rate	10.70 (2011 estimate)		
Population growth rate (%)	2007	2014	
	2.9	3.0	
Infant mortality rate (per 1000) 2014	46.5		
Total fertility rate (per woman) 2014	5.1		
Mortality under age 5 (per 1000) 2014	68.1		
Life expectancy at birth	Total population:61.24 years; ;male: 59.91 years: female:62.62 years (2014 estimate)		
HIV/AIDS	Adult prevalence rate: 4.95%;People living with HIV/AIDS;1.4 million (2013 estimate)		
Distribution by age (%) 2014	0-14	15-64	65+
	44.8	52.0	3.2
Projected Population increase, 2015-2050(thousands)	77,126		
Population 2050/2015 ratio	2.5		
Active Population increase, 2015-2030 (thousands)	16,892		
Yearly cohort new labor	1,006		

entrants,2015	
Yearly cohort new labor entrants,2030	1,627
Total entrance inflow between 2015-2030	20,800
Activity ratio,2015	1.1
Projected rural Population.2050 (thousands)	35,763
Projected rural population increase, 2015-2050 (thousands)	25,086
% agriculture in total economically active population, 2010	75.9

Sources: African Development Bank (AfDB) Statistics Department; United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects, the 2012 Revision.

Economic Trends

Economic Trends	2010[*]	2011[*]	2012[*]	2013[*]	2014^{**}	2015^{***}	2016^{***}
Real GDP growth rates (%),	5.8	9.5	5.1	8.2	7.2	6.9	6.7
CPI inflation (%)	5.6	19.8	12.1	5.6	4.8 ^a	9.9	5.8
GDP per capita-PPP(\$)	1,964	2,107	2,202	2,429	2,565	2,691	2,830
Exchange Rate Tsh: US\$ (end period)	1,455	1,572	1,572	1,579	1,744 ^a	2,404	2,485

^aActual, ^{**}Economist Intelligence Unit estimates, ^{***}Economist Intelligence Unit Forecasts Source: IMF, International Financial Statistics

5.0 KEY CONTACTS AND FURTHER INFORMATION

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